

3. FOCUS GROUP FINDINGS

3.1 Describe the Characteristics of Federal Benefit Check Recipients

Part of the screening criteria for recruiting respondents to obtain a mix of socioeconomic and demographic characteristics, included age, household income, race, education, and area of residence. The socioeconomic and demographic characteristics of respondents differed across the segments of Federal benefit check recipients.

A description of the respondents' characteristics is presented separately for each of the three types of focus groups: retired, disabled, and SSI. For each type of group, the profile is based on respondents across the three geographic markets where those group meetings were held.

3.1.1 Retired

A total of 30 respondents participated in the three groups. The characteristics of the respondents are as follow:

- Twenty-three respondents receive Social Security payments, two respondents receive Federal Civil Service Retirement payments, three receive Social Security and VA pensions, and two receive Social Security and Federal Civil Service pensions.
- All respondents have some type of account at financial institutions. All (30) have checking accounts, 26 have savings accounts, and three have loans.
- Twenty respondents are between the ages of 60 and 69, and 10 are between 70 and 80.
- Twenty respondents are White, five are Hispanic, and five are Black.
- Nineteen respondents live in a city, nine live in a suburb, one lives in a small town, and one lives in a rural area.
- Two respondents have annual household incomes of less than \$10,000; 14 have household incomes of \$10,000 to \$24,999; 13 have incomes of \$25,000 to \$50,000, and one respondent has a household income of more than \$50,000.

3.1.2 Disabled

A total of 26 respondents participated in the three groups. The characteristics of the respondents are as follow:

- Fourteen respondents receive VA disability payments, nine receive Social Security disability payments, and three receive Civil Service disability payments.

- Seventeen respondents have some types of accounts at financial institutions, and nine do not have any types of accounts. Of those with accounts, 13 have checking accounts, nine have savings accounts, and three have loans.
- Seven respondents are between the ages of 30 and 39, 14 are between 40 and 59, and five are between 60 and 69.
- The majority, 22, of respondents are White, three are Hispanic, and one is Black.
- Sixteen respondents live in cities, eight live in suburbs, one lives in a small town, and one lives in a rural area.
- Seven respondents have annual household incomes of less than \$10,000; seven have household incomes of \$10,000 to \$24,999; eight have household incomes of \$25,000 to \$50,000; three have household incomes of more than \$50,000, and one respondent refused to indicate an income.

3.1.3 Supplemental Security Income

A total of 26 respondents participated in the three groups. The characteristics of the respondents are as follow:

- By study design, all 26 respondents receive SSI payments.
- Sixteen respondents have some types of accounts at financial institutions, and 10 do not have any types of accounts. Of those with accounts, 12 have checking accounts, eight have savings accounts, and one has a loan.
- Eight respondents are between the ages of 30 and 39, 17 are between 40 and 59, and one is between 60 and 69.
- Half, 13, of respondents are White, and half are Black.
- Sixteen respondents live in cities, nine live in suburbs, and one lives in a small town.
- Fourteen respondents have annual household incomes of less than \$10,000, nine have household incomes of \$10,000 to \$24,999, and three have household incomes of \$25,000 to \$50,000.

3.2 Describe Banking Relationships and Financial Habits of Federal Benefit Check Recipients and Reasons That Some Do Not Have Bank Accounts

To meet this objective, the moderator asked respondents to identify the types of accounts and financial products they have and with which types of financial institutions, including whether they bank with one or several financial institutions. Respondents also were asked to discuss their

experiences in dealing with financial institutions, including what they like most and least about dealing with them. Respondents who do not have checking accounts were asked to discuss how they transact personal financial business, such as cashing Federal benefit checks and personal checks, paying bills, and purchasing consumer products. Respondents who do not have checking accounts also were asked to discuss their reasons for not having checking accounts, as well as what might interest them in opening checking accounts with financial institutions.

- Many respondents indicated that they have checking accounts, and quite a few said they have some type of savings accounts or contribute to savings clubs, such as Christmas clubs. A number of respondents also indicated that they have credit cards, but fewer said they have either ATM or debit cards. Fewer respondents, however, said they have either mortgages or some type of long-term savings accounts, such as certificates of deposit or investment accounts.
- Seniors are the most likely to have a variety of financial accounts, including fee-free checking accounts. In fact, all respondents in the senior groups indicated that they have checking accounts. Although the majority of respondents in the SSI and disabled groups indicated that they have checking accounts, some respondents in each of these groups said they either do not have any accounts or have savings accounts but not checking accounts. Most respondents who have multiple accounts tend to use several financial institutions because of general convenience, higher interest rates on deposit accounts, lower interest rates on loans, and safety (not wanting to keep all their money in one financial institution).

“We have a number of accounts using a number of different banking institutions, savings and loans, small banks in our area. We both do different kinds of things and have to keep accounts, so we have some small accounts. I imagine we have split our holdings between about six banks.” (Senior, Kansas City)

“I retired about 8 years ago, a disability retirement from the government. At that time, I had a car loan, but once that was paid off, I just have my [government] check come to my house. I don’t have many obligations, so I don’t have a checking account. I don’t need one, and it seems to work for me.” (Disabled, San Diego)

“I opened up a checking account, and my credit has never been the greatest, so my bank offered me a program where they give you a VISA card that works off your checking. That’s just about it.” (SSI, Philadelphia)

- As indicated previously, quite a few respondents across all segments stated that they currently have or previously had ATM cards. Opinions about ATM cards are mixed. Respondents said the primary advantage of using an ATM card is convenience: using an ATM card is faster and more convenient than going to the bank, money is always available because ATMs operate 24 hours a day, and users can make more than one transaction at a time at the ATM. Some respondents said they like using the ATM because they can obtain money for unexpected purchases or emergencies. Others said

they use their ATM cards or debit cards at point-of-purchase terminals when purchasing gasoline, groceries, or other products, which they find convenient because it prevents them from depleting their cash on hand and is easier than writing a check.

“I like ATM cards because I don’t like going into banks. I’m impatient. I do not like to stand in line, and I don’t like being asked a lot of questions because sometimes they want your driver’s license or something. With the ATM card, I just put my card in [the machine], get my money out, make my deposit, and I’m done. When I make my deposit, the machine asks me if I want money back, and I just push the other button. To me, it’s great.” (Senior, San Diego)

“ATM cards are very convenient when you need money. I don’t understand why all institutions don’t have them so they can eliminate the charges that come with them. You have to have them.” (Disabled, Tampa)

“I found that when I went to Arizona to see my sons, I ran out of checks, so with my ATM card, I could just get what I needed right then rather than getting from your children because they have responsibilities of their own. I found this real convenient for me.” (SSI, Kansas City)

- Respondents also cited disadvantages to using ATM and debit cards, including the following: money is too accessible and users can lose control of spending, high ATM fees and charges, and difficulty in rectifying errors made at the ATM, such as dispersing the wrong amount of cash. A number of respondents said safety is an issue when using ATMs; they are concerned that they might be robbed or attacked at ATMs. Several respondents indicated that they do not use an ATM at night or avoid using ATMs that are “too accessible” and that invite muggers, such as walk-up or stand-alone ATMs in isolated areas.

“We don’t use the ATM for the prime reason we think it’s unsafe. We’ve seen many examples [of ATM robberies] in the newspapers.” (Senior, San Diego)

“Banks charge a lot for ATM cards. If you go to the 7-11 or some of the other stores and use an ATM card in their machine, you get charged by 7-11 and you get charged by your bank. It can get real expensive.” (SSI, Kansas City)

“I’ve never owned an ATM card and would rather not. I think they are a curse to humanity. I think that if you plan ahead a little bit you don’t need a machine. I think that it would be easy for me, if I didn’t have money in my wallet or I didn’t have a check, to go to the machine and get \$20, \$30, or \$40 out. I think that they are detrimental to society.” (Disabled, Tampa)

- Respondents who do not use an ATM or debit cards said that they either previously used one “too freely” and became financially overextended or they prefer obtaining cash using alternative methods, such as cashing a personal check at the grocery store.

Seniors, especially, said they prefer to discipline themselves to visit the bank once or twice a week to obtain cash rather than using an ATM.

“We have simply disciplined ourselves to have the money available when we are going to need it. We do cash personal checks when we purchase groceries at Vaughn’s, we have done that for years; but I don’t think ATMs are necessary.” (Senior, San Diego)

“Twenty-four-hour access to my money doesn’t work for me. I learned that 15 years ago. I had too much of a relationship with the ATM. Now I just keep my money in the credit union.” (SSI, Philadelphia)

- When asked to identify what they like about dealing with financial institutions, most respondents cited issues that are either service- or product-related. A number of respondents said that they like the level and quality of service they receive at their financial institutions, including friendly, personal, and helpful service. Product-related benefits are many and include the following: fee-free checking, low minimum-balance requirements for free checking, overdraft protection, interest-bearing checking accounts, high interest rates on deposit accounts, low interest rates on loans, automated telephone banking services, and a variety of products and services. Some respondents said they like their particular financial institutions because they have many branches conveniently located throughout the metropolitan area or have convenient hours of operation. Of interest is that some respondents said that an aspect of their financial institutions that they like is the fact that they offer direct-deposit services.

“I have what is called a Silver Account, and I don’t pay for anything. Checks, money orders, travelers checks—it’s all free and no service charges.” (Senior, Kansas City)

“Wells Fargo is great. You can go in there, and the tellers know you by name. They are very polite. If they know you were handicapped, like I had a bypass so I can’t stand very long, they take care of you.” (SSI, San Diego)

“The reason I bank where I do is it’s a small bank. I like small banks. They still have people that answer the telephone. You see the same people. They know you.” (Disabled, Tampa)

- Although most respondents who have relationships with financial institutions can cite some advantages or benefits of dealing with financial institutions, many cited disadvantages, most of which are also product- and service-related. Most often, respondents comment about poor service, such as rude, impersonal, and slow service as well as poor or inadequate problem resolution. Some respondents, especially seniors, complained about the lack of personalized service, that everything has become automated. In addition, respondents complained about high service charges and fees,

such as insufficient funds charges, high minimum-balance requirements, ATM charges, checking account service fees, and credit card fees.

“I’ve banked at the same bank for 35 years, and do you know they don’t even know me because all they use are temporary people. I don’t like that. It makes you feel terrible to think you bank at a place and they don’t even know you.” (Senior, Kansas City)

“I feel that since banks came along with the ATM card you don’t get any service at a bank anymore. To me, it’s like a bank don’t [sic] want you even coming into their place of business. Get your money and keep going. I’m offended by the fact that you go in the bank, and there’s one teller and a line going all the way around the corner, and everybody’s standing there, and nobody asks what you want. I have come to feel that the banks really don’t want me in there.” (SSI, Philadelphia)

- Other disadvantages of dealing with financial institutions mentioned by fewer respondents include the following: limited hours of operation, limited number of branches, inconvenient branch locations, and bank policies on opening accounts and applying for loans. In addition, in each group, several respondents commented about the number of mergers and acquisitions that are occurring in the banking industry and feel that has had adverse effects on the level and quality of services and products that are available to consumers.

“Banking hours are a problem. I would like to see them change the hours. Sometimes, at 3 o’clock you’re not able to get to the bank. That’s way too early. I would like to see evening hours or longer hours on Saturday.” (SSI, Philadelphia)

“I’ve gone through three banks already here in town. I was with San Diego Trust and Savings. That was sucked up by First Interstate. First Interstate was sucked up by Wells Fargo. You end up that you’re a virtual bouncing rubber ball.” (Disabled, San Diego)

- Respondents who do not have checking accounts said that either they cash their Federal benefit checks at grocery stores or sign them over to friends or relatives who have checking accounts and can cash the checks. Respondents who have savings accounts said that they cash their Federal benefit checks at banks where they have their savings accounts. Cashing a personal check is somewhat more challenging, according to respondents. They said that they either cash the checks at the banks on which the checks are drawn or sign the checks over to friends or relatives who have checking accounts for them to cash. For paying bills, respondents who do not have checking accounts said that they pay their bills either using cash or money orders. Respondents said they have identified the places where they can purchase money orders relatively inexpensively, such as at a post office or a convenience store. Thus, for them, purchasing money orders to pay bills is less expensive than paying the fees and service charges to maintain checking accounts.

“I pay for everything with cash, and all my bills are paid by money orders.” (SSI, Philadelphia)

“I bank with Peninsula Bank. They give you a free cashier’s check every day, and that’s how I do my business. I just try to space it out within a week. It costs me \$3 or \$4 at other banks. Mostly, I use cashier’s checks and cash, and it works pretty good.” (SSI, San Diego)

“I cash my government check at the grocery store. They charge me \$5 because the amount falls in a certain bracket. I deal with money orders as far as paying my bills. I don’t have that many. The maximum [number of bills] I would have is probably five, so to get them all is about \$10. For buying things, I usually deal with cash. I don’t have the money to afford luxuries, so basically I buy groceries and my money is about exhausted. Once I pay my rent, light, cable, phone, and buy groceries, I have maybe a couple hundred [dollars] to spend on myself. That’s what gets me through the month.” (SSI, Kansas City)

“I go to the bank where I have my savings account and cash my [government] check. I don’t go with personal checks at all, for me or taking them [from others]. They’re too much trouble. I deal strictly with money orders [to pay bills] and cash [from friends].” (Disabled, San Diego)

“I’ll use my girlfriend’s account to cash my check, or I will just go to the grocery store. My girlfriend will deposit personal checks in her account and give me the money. The bank charges \$6 to cash my disability check.” (Disabled, Tampa)

- Reasons given for not having a checking account were many and included the following: recently filing for bankruptcy, high service charges and fees for maintaining a checking account, high minimum-balance requirements for receiving fee-free checking, limited funds or fear of overdrawing the account, and a general distrust of banks. Some respondents who receive disability or SSI payments from the government said that they do not have checking accounts because they do not want the Federal government to know how much money they have. Others said that they do not maintain bank accounts because they are afraid the Federal government will reduce the amount of their Federal payments if they keep too much money in the bank. A few Federal benefit check recipients who do not have any bank accounts said they do not because the amount of their Federal payments are too small to warrant maintaining bank accounts. They said that once they cash the checks and pay outstanding obligations and essentials, such as rent, food, and utility bills, there is very little left to keep in bank accounts, especially if they have to pay service charges to maintain the accounts.

“I just started getting Social Security. To get a bank account, you have to spend so much out of it before a certain period of time or they [the Federal government] will deduct so much. I would just rather not deal with that. The little bit of money that I

do get, I cash it, I pay lights, rent, telephone, cable, whatever. There really isn't that much left." (Disabled, Tampa)

"The banks charge so much money to have an account. They charge you for checks, for telephone calls, everything. Sometimes they charge you up to \$2 [for a single transaction or service]. I'm a single parent, and every dollar, every cent matters. You need every bit of it [Federal check]." (Disabled, San Diego)

"A checking account was like a credit card to me because I knew that I could always get money whether I had it in the bank or not because I could postdate the check or just write a bad check. Getting people to accept it was the only problem." (SSI, Kansas City)

"I recently filed for bankruptcy, and I'm trying to protect what little I have. If I put money in a checking account the IRS will come after it, so I deal with cash and money orders." (Disabled, Tampa)

"I guess I'm afraid I'm going to overdraw [the account]. It's the same thing with going in and paying cash. If I go into a store for Christmas, I pay by cash, because if I pay by credit card, I'm afraid that I'm going to go so far up that I'm not going to be able to pay it in January. With a checking account, I'm afraid I might be keeping track and it would make me overdraw. I guess if I sat down with someone who knew checking and they explained it to me, I would be okay." (SSI, Philadelphia)

- Given these findings, it is not particularly surprising to find that a number of respondents who do not have checking accounts indicated that they might consider opening one if the service charges and fees were lower or if they could obtain fee-free checking. Others said they might consider opening bank accounts if they were assured that the Federal government would not reduce the amount of their payments because they were not spending the entire amount but rather establishing some type of savings account with uncommitted funds.

"If the banks didn't charge so much, I might consider getting a checking account or some type of bank account. I don't have enough money [to meet minimum balance requirements] for free checking, and the service charges are really expensive." (Disabled, Tampa)

"With SSI, they [the Federal government] tell you not to put too much in the bank. I've got a little safe in my room. If I could keep all my money in the bank, I might consider it, but the government is going to take what they think I don't need." (SSI, Philadelphia)

3.3 Determine Reasons for Receiving Federal Payments by Check, and Identify Obstacles to Receiving Payment by EFT

The moderator asked respondents whether they are familiar with direct deposit and asked them to discuss their understanding of direct-deposit services. Respondents also were asked whether they have used direct-deposit services, their experiences using it, and their reasons for discontinuing it. All respondents were asked why they do not use direct deposit for their Federal government check and what, if anything, might interest them in using direct deposit instead of receiving their Federal payments in the mail. Before discussing direct deposit in detail, the moderator read the following description and asked respondents to discuss their reactions to it:

“Direct deposit lets an organization like the Federal government send electronic payments to an individual’s checking or savings account instead of sending checks through the mail.”

- A number of respondents indicated that they are familiar with direct deposit, and several indicated that they have previously used or are currently using direct deposit. A number of seniors said they use direct deposit for pension or other retirement payments. Some respondents who are unemployed and receive disability or SSI payments from the Federal government said that they used direct deposit for their payroll checks when they were employed. In addition, a number of respondents said that they know someone who uses direct deposit services.

“My retirement check is direct-deposited.” (Senior, San Diego)

“I had direct deposit when I was working at the restaurant. It was great because my bank offers free checking when you have direct deposit.” (Disabled, Tampa)

“A lot of businesses, a lot of friends of mine that work, their businesses are requiring direct deposit. Instead of giving everybody paychecks now, they’re requiring that you have a checking account in order to use the direct deposit so they don’t have to fool with the stuff there. It’s automatically done. I know a lot of people who have done that.” (SSI, Kansas City)

- Respondents who currently use or previously used direct deposit said they did so because of general convenience and the following reasons: not having to go to the bank to deposit a payroll or pension check, the electronic payment is made earlier than the check was received, their bank offers fee-free checking to customers who have direct deposit, and direct deposit is safer than receiving checks in the mail or taking checks to the bank.

“Direct deposit was extremely convenient. When I was working for the school district, for the last 3 years they made it possible for my check to be directly deposited to the credit union. That beat the time I had to run to the credit union and stand in the long lines to cash my check. That worked well.” (Senior, San Diego)

“Direct deposit is very easy. If you get your check in the mail, you have to wait until the first working day of the month. If it comes in electronically, it sometimes comes in 1 or 2 days before the end of the month, which means you get the money early.” (Disabled, Tampa)

“With the direct deposit that I had years ago when my son was in the Air Force and I was receiving a check from him, I really liked that then because I didn’t have to sit around and wait on the mailman. It would mess up your whole day, sitting around waiting, but you didn’t want to let the check just sit there in the mailbox; at least I didn’t.” (SSI, Kansas City)

- Most seniors who use direct deposit for their pension or retirement checks indicated that they originally had direct deposit through their employer and decided to continue using direct deposit when they retired because it is more convenient than receiving their checks in the mail and then taking them to the bank for processing. Respondents who receive SSI or disability payments from the Federal government and previously used direct deposit said they stopped using direct deposit when they lost their jobs or moved to better, safer neighborhoods. They felt that direct deposit was no longer needed to protect their money.

“I had direct deposit when I was working and decided to keep it when I retired. My employer set up direct deposit for retirees.” (Senior, San Diego)

“I used to have direct deposit for my [government] check because I lived in a really bad neighborhood. I was concerned that someone would steal my check or shoot me on the way to the bank. I moved about a year or so ago. It’s more rural, and I don’t have to worry about anyone breaking into the mailbox, so I stopped the direct deposit.” (SSI, Kansas City)

- Regardless of whether they have ever used direct deposit, many respondents indicated that the primary advantage to using direct deposit is convenience. Convenience-related issues mentioned by a number of respondents include the following: saves time, money is immediately available, electronic payment is made earlier than check delivery and money is available sooner, and flexibility of being able to travel or plan events without worrying about being available to deposit the Federal payment. Some respondents said that an advantage to direct deposit is “guaranteed delivery,” that the electronic payment is always made on time, whereas mail delivery can be delayed or delivery of the check may be delayed.

“I’m getting tired of going to the check-cashing place and having to stand in line for so long. Sometimes I don’t remember to get my money order there, so I have to go to the post office [to purchase a money order]. That’s why I’m thinking about getting direct deposit for my [government] check so it goes right in.” (Disabled, San Diego)

“I don’t have direct deposit now, but I probably should. One of my retirement checks from the government went to my neighbor that has the same house number but a different street. Every once in awhile, he will bring my retirement check to me, so I think it [direct deposit] might be the safest thing to do.” (Senior, San Diego)

“My brother-in-law has been using direct deposit for years and has never had money problems. Like clockwork, that money is in his account every month. Many times, the money is there a day or two early. He keeps telling me I should look into it.” (SSI, Kansas City)

- Respondents are also quick to cite disadvantages to direct deposit. Quite a few respondents said that they do not like direct deposit because it takes control away from the user. Many think that the bank to which the money is sent is determined by the company issuing the payment rather than by the recipient and that the type of account to which the direct deposit is made cannot be changed. Other perceived disadvantages or deterrents to having direct deposit include the following: potential bank computer problems that might result in account errors, late electronic payments, inconsistent electronic payments, no way to confirm the deposit, and not being able to make deposits to multiple accounts from the single payment.

“I had direct deposit when I worked. I could only receive the money at the bank where my employer had established the direct deposit. Because all my other accounts were at another bank, I had to transfer money from the account where my direct deposit was to my other accounts. I didn’t like that, and I don’t need anyone telling me where I can and cannot bank.” (Senior, Tampa)

“I don’t think direct deposit would work for me. Typically, when I get my check, I cash it and make several deposits into the different accounts that I have.” (Senior, San Diego)

“We all make mistakes; are we not all human? There are always things that go wrong with computers. That would be the disadvantage that I would really hate. You’re counting on the check, you’re counting on them to put it into direct deposit, and somebody makes a mistake. Then they say you’re going to have to wait. You know how it is when everyone wants their money the first of the month. The rent, if you’re late, there’s a service charge, late charges. Before you know it, you’re in a minus situation because someone can’t backtrack your deposit. That’s the only disadvantage I would see.” (SSI, Kansas City)

- As illustrated by the comments, quite a few respondents indicated that they prefer to receive their Federal payments in the mail rather than by EFT because they need to confirm receipt of the payments; they prefer receiving the actual checks instead of statements indicating that the deposits have been made; they want more control over the deposits, such as to which accounts and in what amounts the deposit is made; and they

are concerned about lack of recourse if bank computer problems occur. A number of respondents said that they prefer to receive their Federal payments in the mail instead of by EFT because they like the psychological feeling associated with seeing and touching the checks, which they would not experience if they used direct deposit. Other reasons cited for not using direct deposit for Federal payments include the following: do not want the Federal government controlling how payments are received, do not understand how the process of direct deposit works, and have a perception that the enrollment process for direct deposit is difficult or time-consuming.

“How do I know the money’s there? When the check comes in the mail, that’s money, it’s real. Is the bank going to call me and let me know my money is there so I can start paying my bills? I need to know the money’s there.” (Senior, Kansas City)

“One of the things that bothers me is I don’t like to feel like I’m losing control. This feels like communism to me. I know it’s not supposed to, but that’s how I feel. As long as I have a choice . . . I don’t want the government telling me what I can do with my money.” (SSI, Kansas City)

“My veterans’ check comes through the mail because I don’t want the government messing up with my check. In other words, things are working now and there is an old saying if something ain’t broke, don’t fix it. If I don’t get my money through direct deposit, where do I go? Who do I see? If I get the check directly in the mail then I have it. It’s done with.” (Disabled, Philadelphia)

“What does it take to set it [direct deposit] up? There’s got to be a lot of paperwork involved, canceled checks and what not. It seems like such a hassle.” (Disabled, Philadelphia)

- Some respondents said direct deposit is not that convenient because the recipient still must go to the bank to obtain cash even if the payment is made electronically to the bank. Others said that they do not need to use direct deposit because they live in a safe neighborhood, their mail delivery is reliable, or because they perceive they do not have safety issues that would warrant using direct deposit. Of interest is that a number of seniors said that they do not use direct deposit for their Social Security checks because it is “mad money” that they use for golf or other pleasure activities and typically spend the entire amount within a few hours of cashing the check. Because they do not use their Social Security checks to cover major expenses or obligations, they do not feel that they need to use direct deposit. Some respondents who receive SSI or disability payments from the Federal government said the amount of their Federal payments is too small to warrant paying bank fees and service charges for maintaining bank accounts, so using direct deposit is a poor value for them.

“What I can’t figure out is where’s the time savings? Everybody keeps saying how convenient direct deposit is. I have to go to the bank to get the money out, so why

not just take the check there and deposit it when you get there?” (Senior, San Diego)

“I use direct deposit for my retirement check because it safeguards the money we use to pay major expenses like the mortgage. My Social Security check is my play money. It’s my money that I use to play golf. I cash that check and head straight to the golf course. Using direct deposit, I would have to cash a check at the greenskeeper and I can’t see doing that.” (Senior, San Diego)

“I have obligations, I have two kids. I’m using my money for rent, utilities, groceries . . . all the money goes directly into taking care of my kids, and I’m very grateful it’s there for me to be able to take care of my kids. But I don’t have a lot of money left over after our expenses, and what I do have I’m not paying to a bank in fees. If the government wants me to use direct deposit, let them pay the fees.” (SSI, Kansas City)

“I don’t get that much money where I’m going to pay a bank \$10 a month in fees. My bank doesn’t offer free checking for direct deposit.” (Disabled, Tampa)

3.4 Measure Interest in New EFT Delivery System

Respondents who do not have checking accounts were asked to discuss their reactions to the following concept: having an account established for them and being able to access the funds in the account with a plastic card that is similar to an ATM card. In addition, machines similar to an ATM would be available for Federal benefit check recipients so they can access the funds they receive from the government without having to go to the bank. The machines might be located in grocery stores, convenience stores, neighborhood check-cashing sites, or local post offices.

- Reactions to the new EFT delivery system concept were generally favorable among respondents who do not have bank accounts. A number of respondents who do not have bank accounts view the alternative EFT delivery system as more convenient and safer than their current method of cashing their Federal payments. Respondents who currently use or have previously used ATM cards like the ability to access their Federal payments with a plastic card because it is more convenient than going to the bank. Being able to use the plastic card at point-of-purchase also is appealing because respondents can purchase goods without depleting their cash on hand.

“I like that idea. Where do I sign up? I think it would be great.” (SSI, San Diego)

“I like it for the convenience. It’s a lot easier than having to worry about going to the MAC machine to get money out.” (SSI, Philadelphia)

- Despite the generally positive reactions, respondents raised questions, the answers to which they say ultimately will affect the likelihood of their using the proposed EFT delivery system. The questions include the following: whether there are service charges

or fees for the alternative delivery system and the amount, if checks will be issued for the account, if account statements will be issued, and questions about confirmation of deposit and security-related issues, including who is responsible for making electronic payments. Furthermore, some respondents who do not have bank accounts do not like the proposed EFT delivery system because they prefer to see the money by receiving their Federal payments in the mail or because the government will be able to track how they spend the money. Some said that the alternative EFT delivery system sounds expensive and assume that the cost of providing the service will be passed on to Federal benefit check recipients, which they cannot afford to pay.

“Are there fees involved? I need to know what it’s going to cost me before I can tell you whether I like the idea or not.” (Disabled, Philadelphia)

“I love the idea, but they’re [the Federal government] tracking you. I don’t like the way they’re tracking you. With cash, you can buy anything you want to buy. If you’ve got this card, everything you buy can be tracked. For some people that’s fine, but I don’t like it. It’s a privacy issue.” (SSI, Kansas City)

“Who do you talk to if the machine breaks down or doesn’t give you the right amount of cash?” (SSI, Philadelphia)

“Will there be statements or receipts or some kind of record? I would need checks, too. Will they be available?” (Disabled, Tampa)

- Many respondents, regardless of whether they have bank accounts, like the idea of locating ATMs for Federal benefit check recipients in grocery stores and convenience stores. Respondents said grocery and convenience stores are conveniently located for most consumers and have long hours of operation, which add to the overall amenity. Respondents also said that everyone must go to the grocery store or a convenience store, so being able to transact personal banking while visiting the store is appealing. Respondents said that they feel safe in grocery and convenience stores because generally there are many people and security is good. A number of respondents indicated that they currently cash their Federal benefit checks or personal checks at grocery stores, so they are familiar and comfortable with the idea of banking at those places.

“Consumers like convenience. We live in a society where people like that, they like the whole concept of having things done and having the convenience. I’ll be the first one to admit it.” (SSI, Philadelphia)

“Everybody goes to the grocery store. That would be the best because it’s the most convenient.” (SSI, San Diego)

“Grocery stores are a definite. I would probably change my direct deposit to be part of a system like that. It’s like having a wallet but not with you.” (Disabled, Tampa)

- Reactions to placing ATMs for Federal benefit check recipients at local post offices are mixed. Some respondents said that they like the idea because post offices are near their homes and they feel safe going there. Others, however, said that their local post offices are not convenient or are farther away than grocery or convenience stores. Some respondents also said that post offices are not that safe, citing recent shootings in local post offices. Others said that they would not use an ATM designated for Federal benefit check recipients if it is in a local post office because typically lines are long, service is slow, and they would worry about security and confidentiality—that is, people surmising why they are there.

“The post office in my neighborhood is further away than the grocery store. I would be concerned about safety, too. People are always getting shot in the post office.” (SSI, Philadelphia)

“Lines are too long in the post office. All those people would know why you’re there. I don’t think I would feel comfortable using a machine in the post office, plus they aren’t open as late as grocery stores.” (Disabled, San Diego)

“My post office is located just down the street from where I live. That would be convenient for me.” (SSI, Kansas City)

- Respondents said they do not like the idea of placing ATMs for Federal benefit check recipients at neighborhood check-cashing sites for several reasons, including the following: lack of security, disreputable clientele, and being associated with the clientele. Although some respondents said an appealing aspect of locating ATMs for Federal benefit check recipients at neighborhood check-cashing sites is the numerous locations throughout the community, which makes them convenient. Others assume they would pay higher service charges because, typically, check-cashing services charge higher fees than banks or other alternative check-cashing sources, such as grocery stores.

“Check-cashing places are expensive. They’re a ripoff. The fees would probably be higher if you used a machine there instead of at a grocery store.” (Disabled, San Diego)

“Well, you know you have to consider the types of folks that go to these places (neighborhood check-cashing services] and whether you want to be associated with them.” (SSI, Philadelphia)

3.5 Determine the Most Effective Messages for Encouraging Direct Deposit Among Current Federal Benefit Check Recipients

To determine the most effective methods for encouraging use of direct deposit, the moderator asked the respondents to identify messages that might encourage them or other Federal benefit check recipients to use direct deposit. As part of the discussion, respondents were asked to

brainstorm ways of overcoming objections they had raised to using direct deposit for their Federal payments.

- A number of respondents in each group indicated that offering some type of confirmation of deposit might encourage them to use direct deposit, such as the bank sending a receipt in the mail, the Federal government sending a statement or written notification of the deposit in the mail, and being able to telephone the bank to confirm the deposit. Several respondents whose banks have automated telephone response systems indicated that they would consider using the system to verify receipt of their Federal payments. Ultimately, a number of respondents indicated that having a reliable, consistent method of confirming receipt of the deposit might encourage them to use direct deposit for their Federal payments.

“I would like a deposit slip that will say that my monthly check is in the bank.”
(Disabled, Tampa)

“Being able to call my bank, using that menu thing [automated response system] would be fine. I use that all the time to see if checks have cleared and what my balance is. If I could use that to verify the deposit, that would be fine.” (Senior, San Diego)

- Quite a few respondents indicated that they are concerned about late electronic payments or no payments and the resulting bounced checks that occur due to insufficient funds. Therefore, in addition to being able to confirm the deposit, a number of respondents indicated that they would expect the bank to waive or the Federal government to pay fees or services charges incurred because of an inability to cover checks drawn before late payments. Furthermore, some respondents want the Federal government to take responsibility for resolving issues with the Credit Bureau that might result from writing checks drawn on insufficient funds that are due to late electronic payments.

“This is the only money I have. If it doesn’t show up, or if it’s late and I incur all these other charges because my rent’s late or my telephone [payment] is late, that’s a problem. I need to know who I can call if my money isn’t there and how fast they can get money in my account.” (SSI, Kansas City)

“It’s the government that’s making us use direct deposit. If they’re late sending the money, they should pay the charges. I don’t see why I should have to pay fees on bounced checks when the government promised me they’d have my money to me by the first.” (Disabled, Philadelphia)

“What about your credit? Say you have written all these checks on the check that you thought was going to be there; they all come back bounced. The government pays the fees, but your credit can virtually be ruined because you have had all these checks returned to you.” (Senior, San Diego)

- Several respondents who receive SSI or disability payments from the Federal government suggested offering a financial incentive to Federal benefit check recipients to encourage them to use direct deposit. Financial incentives mentioned most often include monthly credits, subsidizing or lowering bank fees and service charges, providing a one-time rebate for signing up for direct deposit, and increasing the amount of the monthly payment in direct proportion to the cost savings associated with more consumers using EFT for their Federal payments.

“If the government can benefit, give me some benefits, too, for letting you have my money direct-deposited. You spend less money in mail and all that other stuff. If you want to benefit from something, give me some benefit, too. It works both ways.” (SSI, Kansas City)

“If the government would help with bank fees, that would encourage me to use direct deposit. My bank doesn’t offer free checking for direct deposit, and I don’t have enough to meet the minimum [requirement for free checking]. Can they get the banks to waive the charges or just pay them?” (Disabled, San Diego)

- Some respondents indicated that they might consider using direct deposit for their Federal payment if the enrollment process were made easier, such as being able to enroll over the telephone or reducing the amount of paperwork. Although a number of respondents indicated that the enrollment process for direct deposit is easy and can be completed in a timely fashion, others said that they are not familiar with the enrollment process but assume that it is time-consuming and cumbersome. There is a perception that the process requires much paperwork that must be processed by several agencies before the recipient can begin receiving Federal payment by EFT. Thus, offering a financial incentive or an easy enrollment process might encourage some recipients to use direct deposit for their Federal payments.

“It’s easy to do [enroll in direct deposit], but it could be easier. They could let people enroll over the telephone, automatically, or over the Internet.” (Senior, San Diego)

“The enrollment process should take a shorter amount of time. In the past when I got involved with direct deposit, it took 3 weeks to a month to get the account set up and money coming in. I think that is too long a time. I think 2 weeks would be a reasonable amount of time.” (Disabled, Philadelphia)

- The subject of the upcoming Federal “mandate” that Federal benefit check recipients use direct deposit for Federal payments came up spontaneously, and much discussion ensued. In general, respondents have negative reactions to the proposed mandating of direct deposit because they perceive it as the Federal government’s attempt to control Federal government check recipients and to dictate how they receive their monthly payments. Although many respondents assume that the Federal government is issuing

the mandate to save money, most respondents also feel that consumers will not benefit from the cost savings. Rather, they say, the Federal government will use the money on other programs that will not affect the typical consumer. Therefore, they do not consider cost savings for the Federal government an enticing or credible message for encouraging Federal benefit check recipients to use direct deposit. Rather, as stated previously, respondents suggested that the Federal government offer some type of rebate to Federal payment recipients as an incentive to use EFT or apply the cost savings to programs that will benefit the typical consumer, such as supplementing the Social Security fund, supporting education programs, and lowering Federal taxes.

“What the Federal government will save by making us all use direct deposit will just be spent on something else. Why should senior citizens have to balance the budget anyway? That’s the way I feel about it.” (Senior, San Diego)

“The article I read said the government will save millions of dollars by making everyone use direct deposit, but I’m sure we’ll never see a dime of it. If you want to talk about long-term, sure maybe our grandchildren will see a lower deficit, but this isn’t going to help us.” (Disabled, Philadelphia)

“If I knew they [the Federal government] were going to use the money to improve our schools or help families stay together by increasing support, then I wouldn’t mind. But you don’t know how they’re going to spend the money.” (SSI, San Diego)

3.6 Determine Most Effective Vehicles for Communicating the Benefits of Direct Deposit to Federal Benefit Check Recipients

As part of the discussion, the moderator asked respondents whether they had seen or heard information about direct deposit and to identify the most effective media for conveying information about direct deposit. Respondents also were asked to discuss their reactions to the following as credible sources of information about direct deposit: the Federal government, their financial institutions, trade unions, and community groups. The moderator also asked respondents to identify key information that should be communicated in literature or marketing materials that may be developed to encourage use of direct deposit for Federal payments.

- Many respondents indicated they have received information about direct deposit as an insert in their Federal payment envelope. As noted previously, some have read recent newspaper articles about pending legislation regarding direct deposit of Federal payments. A few respondents said that they have seen information about direct deposit on television or in the branch offices of their financial institutions or have contacted someone at a Federal agency, such as Social Security, about direct deposit.

“I get something every month in my [government] check. There’s a little stub or card that tells all about direct deposit.” (SSI, Philadelphia)

“I saw something on television [about direct deposit], and there have been articles in magazines.” (Senior, San Diego)

- Respondents suggested a variety of media for conveying information about direct deposit of Federal payments. Many suggested continuing with Federal benefit check stuffers because they provide an ongoing opportunity to communicate with Federal benefit check recipients about the benefits of direct deposit. Several suggested sending letters to Federal benefit check recipients explaining the process of enrolling in direct deposit and the benefits associated with using the service. Other media suggested by some respondents include the following: articles in local newspapers, newspaper ads, television ads, an infomercial or a documentary on PBS, bank merchandising, articles in Federal newsletters, and flyers. Some respondents suggested incorporating testimonials by current EFT users, that might be developed to support the effort.

“They should continue with the cards in with the checks. Everyone gets a check every month. Maybe instead of a card, they could put a pamphlet or something where they talk about direct deposit in more detail.” (SSI, Kansas City)

“A written letter [from the Federal government] would be good. You have it right in front of you, and it’s explained to you in clear language.” (Senior, Tampa)

“I like the idea of television ads with people who are using direct deposit. Real people you can believe who talk about how direct deposit works and why they like it so much. That might encourage me [to use direct deposit].” (SSI, Philadelphia)

- Most respondents said that the Federal government is a credible information source about direct deposit of Federal payments, and that they would pay attention to information about direct deposit provided by the Federal government, especially if it is the agency that is issuing their government check (e.g., SSA, VA). A number of respondents indicated that they consider their local banks credible sources of information about direct deposit of Federal payments.

“I see information about direct deposit in my bank all the time. They’re the ones that will be responsible for accepting my money, so I would need to get information from them. Yeah, they would be a credible source.” (SSI, San Diego)

- Reactions to trade unions as a credible information source about direct deposit are mixed. Some respondents who belong to trade unions have favorable impressions and said that they would seriously consider information provided by their trade unions because the trade unions represent their members’ interests. Other trade union members, however, have less favorable reactions and said that some trade union representatives are disreputable individuals who are out for personal gain instead of protecting member interests.

“I like the idea of a trade union because they are there to represent their members. If I got information from my trade union, I would read it and think.” (Disabled, Tampa)

“You can’t trust unions. They’re out for nobody but themselves. I don’t know if I would trust anything a union said.” (SSI, San Diego)

- Most respondents said that community groups are not credible information sources for direct deposit of Federal payments simply because they do not see a connection between community groups and direct-deposit services. However, several seniors suggested that an endorsement by the AARP might encourage them to consider direct deposit, because the AARP is a credible and well-known advocacy group for seniors’ interests and protection.

“It’s not so much credibility as I don’t understand what a community group or civic organization has to do with banking or me getting my check. I don’t see the connection.” (SSI, Philadelphia)

“How about the AARP? They’re a good source [of information]. Let them send us some information.” (Senior, San Diego)

- Regardless of the medium selected, respondents said that there are a number of issues that must be addressed in materials on direct deposit of Federal payments. The issues include procedure for enrolling for direct deposit, consumer and recipient benefits of using direct deposit, how the Federal government will apply cost savings, direct deposit fees or charges, and confirmation processes or methods.